

Message Text

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PAGE 01 STATE 093051
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DRAFTED BY XMB: L M LAROCHE:CR

APPROVED BY NEA/AFN:JKBISHOP

XMB: C NORRIS

EB/IFD/ODF:AFWATSON

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FM SECSTATE WASHDC

TO AMEMBASSY ALGIERS IMMEDIATE

INFO AMCONSUL ORAN

UNCLAS STATE 093051

E.O. 11652: N/A

TAGS: EFIN, AG

SUBJECT: EXIM FINANCING FOR TRUCKS TO SONACOME

1. IN ADDITION TO PACCAR, TO WHOM EXIMBANK ISSUED LETTER OF INTEREST 6 APRIL COVERING 973 TRUCKS AND TRACTORS WITH ESTIMATED COST OF DOLS. 53 MILLION, WHITE MOTOR IS REQUESTING LTR OF INT FOR APPROX. 2,400 TRUCKS. COST COULD RUN UP TO DOLS. 130 MILLION. FYI WHITE THINKS IT COULD GET 25 TO 60 PERCENT OF TOTAL ORDER. END FYI.

2. SINCE BANK MAY NOT BE ABLE TO ACT ON AND ISSUE L/I
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TO WHITE BEFORE 15 APRIL BID DEADLINE, EMBASSY IS REQUESTED TO ADVISE SONACOME THAT BANK HAS WHITE REQUEST PENDING, AND IS EXPECTED TO GIVE SIMILAR SYMPATHETIC CONSIDERATION. YOU MAY ALSO EXPLAIN THAT ANY REQUESTS FROM OTHER INTERESTED U.S. MANUFACTURERS (SUCH AS PULLMAN TRAILMOBILE, WHICH APPEARS TO BE COMPETING ON 400 TRAILERS IN DOLS. 14 MILLION RANGE) WILL ALSO RECEIVE COMPARABLE TREATMENT.

3. BANK'S CONSIDERATION OF SUBSEQUENT PRELIMINARY COMMITMENT (PC) REQUESTS WOULD BE FACILITATED IF IT HAD CLEARER UNDERSTANDING ON FOLLOWING POINTS:

- (A) PRESENT SIZE OF ALGERIAN FLEET OF THIS TYPE TRUCKS, TRACTORS, TRAILERS.
- (B) ANNUAL PROCUREMENT NEEDS.
- (C) BREAKDOWN BETWEEN REPLACEMENT NEEDS AND GROWTH IN DEMAND.
- (D) DETAILS ON END-USERS AND THEIR UTILIZATION OF TRUCKS.
- (E) HOW SONACOME PROCUREMENT PROGRAM FITS WITH THAT OF SNTR AND SONATRACH. WHETHER THOSE AGENCIES IMPORT DIRECTLY, OR SOME OF THESE ARE DESTINED FOR THEM.
- (F) EXTENT AND NATURE OF FOREIGN COMPETITION, AND LIKE-LY TERMS OF FINANCING, PARTICULARLY REPAYMENT PERIOD.
- (G) TIMING OF AWARD OF CONTRACTS AND DELIVERY.

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EMBASSY MAY WISH TO CONSULT SNTR, SONATRACH, MINISTRY, AND ALGERIAN BANK SOURCES ON SOME OF THESE ITEMS, GIVEN PAST DIFFICULTY IN GLEAMING INFOFROM PDG AKROUF AND OTHERS AT SONACOME DURING PAST EXIM VISITS TO ALGERIA.

4. FYI AND FOR YOUR USE AS YOU DEEM APPROPRIATE IN DISCUSSIONS WITH GOA, AS INDICATED IN EXIM WRAP-UP CABLE ON 6 APRIL ACTIONS, BANK CONTEMPLATES POSSIBILITY OF SINGLE EXIM LOAN FOR PROCUREMENT PACKAGE, WITH VARIOUS MANUFACTURERS LINING UP PRIVATE PARTICIPATION FOR THEIR RESPECTIVE PORTIONS.

5. EMBASSY'S COMMENTS ON EXIM ASSISTANCE IN FINANCING THESE TRANSACTIONS WOULD BE APPRECIATED. ALSO ANY OBSERVATIONS EMBASSY MIGHT HAVE ON POSSIBLE MILITARY USE OF TRUCKS OR USE IN SUPPORT OF POLISARIO, WITHIN OR BEYOND ALGERIAN BORDERS. VANCE

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